

states for the current quarter, April 1 to June 30, the Social Security Board announced recently.

California receives its first allotment of federal funds—\$2,700,140.63—following approval of the state's old-age assistance plan by the Social Security Board on May 6.

Wisconsin receives a total of \$1,272,790.83, which includes \$945,000 for aid to the aged, \$69,457.50 for aid to the blind, and \$258,333.33 for aid to dependent children. Washington receives \$700,703.50, consisting of \$486,202.50 for aid to the aged, \$39,501 for aid to the blind, and \$175,000 for aid to dependent children. Iowa receives \$685,125 for aid to the aged.

Thirty-four states and the District of Columbia have thus far taken advantage of the public-assistance provisions of the Social Security Act and are receiving federal aid in providing for their needy aged persons, blind persons, and dependent children. Federal contributions to these states for the three months ending June 30 are expected to total \$18,500,000.

In order to qualify for federal funds, states must set up public-assistance plans which meet certain requirements specified in the Social Security Act and must submit their plans to the Social Security Board for approval. When a state plan for aid to the needy aged or the blind is approved, the Federal Government will pay half of any amount, up to a combined federal-state total of \$30 a month to an individual, which the state grants to needy persons sixty-five years of age and over and to the needy blind, provided these aged or blind are not inmates of public institutions. The Federal Government also adds five per cent to its half in making its contribution. The states may use this additional amount for administering their plans, for cash payments to needy individuals, or for both.

Under approved plans for aid to dependent children, the Federal Government will match \$1 for every \$2 disbursed by the state for this form of assistance, up to a combined federal-state total of \$18 per month for the first dependent child in a family, and \$12 per month for each additional dependent child in the same family. Federal grants also include one-third of the state's administrative costs for this form of assistance.

LETTERS

Concerning article in "Time" in which American Medical Association and California Medical Association activities were mentioned.*

THE JOURNAL OF THE
AMERICAN MEDICAL ASSOCIATION
535 NORTH DEARBORN STREET
CHICAGO

June 8, 1936.

Dear Doctor Kress:

Rock Sleyster has written to me relative to certain doubts which seem to exist in your vicinity relative to my relationships to *Time* magazine.

Just as soon as I read your editorial on *Time* magazine in last month's issue, I wrote a letter to Henry Luce. He apparently turned the letter over to Myron Weiss, who is in charge of science editing. I enclose herewith copy of my letter to Mr. Luce. . . . This should let you know where I stand in relationship to *Time* magazine.

Sincerely yours,

MORRIS FISHBEIN.

* Note: Editorial comment was made in the May issue of CALIFORNIA AND WESTERN MEDICINE (page 355) concerning certain misstatements in the lay magazine, *Time*, in which the American and California Medical Associations were mentioned. The article in *Time* led to considerable conjecture as to the possible source of the statements made. Here and there names of different persons were mentioned in connection therewith. It is therefore of interest to note that officers of the American Medical Association had the same point of view as our own as expressed in the editorial criticisms written for the May CALIFORNIA AND WESTERN MEDICINE. A letter from Dr. Morris Fishbein, editor of the *Journal of the American Medical Association* and one from Dr. Olin West, secretary of the American Medical Association, are here given.

THE JOURNAL OF THE
AMERICAN MEDICAL ASSOCIATION
535 NORTH DEARBORN STREET
CHICAGO

Mr. Henry R. Luce,

May 19, 1936.

New York City.

Dear Mr. Luce:

During the last two months physicians everywhere have begun to comment on innumerable inaccuracies in the section of *Time* devoted to medicine. Moreover, the point of view relative to the American Medical Association and relative to the attitude of the majority of physicians of this country toward socialization and regimentation of medicine has occasioned some doubt as to where *Time* stands on this matter.

I feel that the question is of sufficient importance to bring to your attention the enclosed statement from CALIFORNIA AND WESTERN MEDICINE, which is the official publication of the California Medical Association. Incidentally, I can affirm everything that CALIFORNIA AND WESTERN MEDICINE says relative to the inaccuracies of the item which was published in *Time*.

Sincerely yours,

(Signed) MORRIS FISHBEIN.

AMERICAN MEDICAL ASSOCIATION

Chicago, June 10, 1936.

Dear Doctor Kress:

I am greatly obliged to you for your letter of June 1, to which is attached a leaflet on Group Medical and Hospital Service, reprinted from the *Los Angeles County Farm Bureau Monthly*. I shall send this on to our Bureau of Medical Economics.

I have just been informed that at the recent meeting of the California Medical Association a statement was rather freely made to the effect that the American Medical Association had something to do in some mysterious way with the publication of certain items which recently appeared in the magazine *Time*. Any such rumor is, of course, without any basis in fact. Unfortunately, some of our friends seem to be so constituted that they do not require facts to serve as a basis for rumors which they help to circulate.

I shall be delighted to see the account of the Coronado meeting in CALIFORNIA AND WESTERN MEDICINE. I hope you had a splendid session.

With my sincere good wishes, I am

Very truly yours,

OLIN WEST.

Concerning dinitrophenol and its dangers.

To the Editor:—I am referring to you a letter from the Cutter Laboratories stating their position in discontinuing the sale of dinitrophenol. In a conversation with their representative at the Arizona State Medical Association meeting at Nogales in April, 1936, I suggested that such ethical commercial laboratories as their own should discontinue the sale of this drug, on account of the unprecedented occurrence of cataracts in patients using dinitrophenol as a reducing medicine.

I was, therefore, pleased to learn from Dr. R. K. Cutter at the California State Medical Association meeting at Coronado in May that they had discontinued the sale of the drug.

You may have this correspondence for whatever publication you may desire to give to it in the interest of informing physicians of the dangers of the use of dinitrophenol.

Very truly yours,

HAROLD F. WHALMAN, M.D.

Dear Doctor Whalman:

Answering your letter of the 1st requesting our position in discontinuing the sale of dinitrophenol, I believe that this can best be done by quoting the letter which we send out when we refuse to fill orders.

We appreciate your recent order for dinitrophenol, but regret that we are unable to fill it, as we have discontinued the sale of this drug.

It was with considerable hesitation that we announced through the profession the availability of Dinitrophenol (Cutter). We did not do so because we thought the product had been proven, but rather because we knew that

untested and improperly standardized dinitrophenol was not only being offered to the profession but was being advertised over the radio to the laity. We felt that the marketing of a properly tested and standardized dinitrophenol along strictly ethical lines and with the proper warning was a needed service.

Time has shown, however, that there may be delayed toxic effects from dinitrophenol which are unpredictable, and which seem to have little or no bearing on the purity of the drug or the method of administration. For this reason we believe that at present it should have no place in the field of medicine, outside of pure research, and have in consequence withdrawn Dinitrophenol (Cutter) from the market.

Yours very truly,
CUTTER LABORATORIES.

I also include a carton, and you will note that on the face of it it says, "This is a dangerous drug and should be taken only under the direct supervision of a physician." I feel sure that this discouraged a great many patients from self-treatment.

Very truly yours,
CUTTER LABORATORIES.
R. K. Cutter, M.D.

SPECIAL ARTICLES

A. B. 246—NONPROFIT HOSPITAL SERVICE BILL*

CHAPTER 386

An act for the regulation and control of corporations organized for the purpose of operating nonprofit hospital service plans.

[Approved by the Governor July 5, A. D. 1935.]

The people of the State of California do enact as follows:

SECTION 1. This act shall govern any nonprofit corporation heretofore or hereafter organized under the laws of the State of California which by its original or by any amended articles is authorized to establish, maintain and operate a nonprofit hospital service plan whereby hospital care may be provided by said corporation to such of the public who become subscribers to said plan under a contract which entitles each subscriber to certain hospital care as provided in said contract, or whereby said hospital care may be provided by any hospital or hospitals with which said nonprofit corporation has or shall have a contract to furnish such hospital care to said subscribers provided that no such corporation operating under the provision of this act shall enter into any such contract with any hospital wholly or partly supported by taxation, except where such a hospital is the only hospital in the county where it is located, or is a hospital maintained and operated by or in connection with a State college or university of the State of California in conjunction with and as a part of its educational and administrative program; and provided further that no corporation authorized by the provisions of this act to establish, maintain and operate a nonprofit hospital service plan may itself furnish hospital care to its subscribers or do any of the acts herein authorized, unless and until it shall have first procured a certificate from the State Department of Public Health certifying that it is complying with the standards required by said State Department of Public Health, nor shall any such corporation enter into any contract with any hospital for the furnishing of hospital care to its subscribers unless the hospital with which it contracts has procured such a certificate from the State Department of Public Health.

SEC. 1a. "Hospital care" as used in this act may include any or all of the following services: maintenance and care in hospital, nursing care, drugs, medicines, physiotherapy, transportation, material appliances and their upkeep.

SEC. 2. This act shall not apply to nor govern any corporation operating a hospital service plan on a profit basis, or which, though operating such a plan on a nonprofit basis, shall be organized for or shall conduct any business whatsoever on a profit basis, nor shall it apply to or govern any corporation formed and existing under the Constitution of 1849 pursuant to the act entitled "An act concerning corporations," passed April 22, 1850.

* The nonprofit hospital service law, passed by the California Legislature in 1935 and approved by Governor Frank Merriam on July 5 was printed on page 175 of the August, 1935, issue of CALIFORNIA AND WESTERN MEDICINE. Owing to the present interest in hospitalization insurance plans by many members of the Association, A. B. 246 (Chapter 386) is here reprinted. See also editorial comments in this issue (page 2).

SEC. 3. Any nonprofit corporation organized to operate a nonprofit hospital service plan in the manner and in accordance with the provisions of this act shall be exempt from all other provisions of the insurance laws of this State, unless otherwise specifically designated herein, not only in governmental relations with the State but for every other purpose, and no law hereafter enacted shall apply to such a corporation unless it be expressly designated therein.

SEC. 4. At least two-thirds of the directors of such a corporation which shall furnish hospital care through contracts with hospitals as provided in Section 1 hereof shall be composed equally of duly appointed representatives of such hospitals and duly qualified and licensed practicing physicians holding a valid and unrevoked certificate to practice medicine and surgery or a physician and surgeon certificate, issued under the provisions of the State Medical Practice Act in the State of California. Such a corporation which shall itself furnish such hospital care shall choose its board of directors from such persons as it shall see fit.

SEC. 5. No corporation shall establish, maintain or operate a nonprofit hospital service plan as authorized by the provisions of this act unless it shall have first procured the written consent of the Commissioner of Insurance of this State to such establishment, maintenance and operation.

SEC. 6. The rates charged by such corporation to the subscribers for hospital care shall at all times be subject to the approval of the Commissioner of Insurance of the State of California, and all rates of payments to hospitals made by such corporation pursuant to the contracts provided for in Section 1 of this act shall be approved prior to payment by said Commissioner of Insurance.

SEC. 7. Every such corporation shall annually on or before the first day of March file in the office of the Commissioner of Insurance of this State a statement verified by at least two of the principal officers of said corporation showing its condition on the thirty-first day of December then next preceding, which shall be in such form and shall contain such matters as the Commissioner of Insurance shall prescribe.

SEC. 8. The Commissioner of Insurance, or any deputy or examiner or any other person whom he shall appoint, shall have the power of visitation and examination into the affairs of any such corporation and free access to all the books, papers, and documents that relate to the business of the corporation, and may summon and qualify witnesses under oath and may examine the officers, agents or employees of such corporation or any other persons in relation to the affairs, transactions, and condition of said corporation.

SEC. 9. All acquisition costs in connection with the solicitation of subscribers to such hospital service plan shall at all times be subject to the approval of the Commissioner of Insurance.

SEC. 10. The funds of any corporation subject to the provisions of this act shall be invested only in securities permitted by the law of this State for the investment of assets of life insurance companies and such securities shall be valued according to the methods used in valuing similar securities held by life insurance companies.

SEC. 11. Any dissolution or liquidation of a corporation subject to the provisions of this act shall be conducted under the supervision of the Commissioner of Insurance, who shall have all powers with respect thereto granted to him under the provisions of law with respect to the dissolution and liquidation of insurance companies.

VETERANS' HOSPITALS: THEIR PROPER AND IMPROPER USE

Lines were drawn today between disabled and unwounded veterans when M. A. Harlan, national commander of the Disabled Veterans of the World War, issued a brisk reply to the published statement of James E. Van Zandt calling for a general pension system.

Harlan, on behalf of his organization, expressed "unqualified and unreserved opposition" to the proposed pension law.

"We will neither sponsor nor support it," he said.

Asked if his opposition was not only the obvious position of an organization whose members now are benefiting from government compensation, Harlan declared there was a difference between a pension—which he described as a "gratuity from the Government without regard to disability received, if any"—and a disability compensation for actual physical injuries received in the line of duty.

"Our position is not a selfish one," he said. "We have the interest of the entire taxpaying element of the country